

FOSTER DAIRY FARMS dba;
CRYSTAL CREAMERY



AND TEAMSTERS LOCAL
#439



**COLLECTIVE BARGAINING
AGREEMENT JUNE 30, 2017
THROUGH JUNE 29, 2020**

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Foster Dairy Farms dba; Crystal Creamery and General Teamsters Local 439

The parties Foster Dairy Farms dba; Crystal Creamery ("Employer" or "Company") and General Teamsters Local No. 439 ("Union") hereby agree to the terms and conditions set forth herein, as applied to the bargaining unit described herein. This Agreement shall consist of the principal terms and conditions set forth below, any documents incorporated by reference, the attached wage schedules, the attached supplements and addendums, and any mutually executed letter of agreements.

ARTICLE 1- RECOGNITION AND BARGAINING UNIT

- 1.1 The Company agrees to recognize the Union as the sole and exclusive bargaining representative for all non-supervisory employees in the warehouse department all-purpose warehouse/order selector positions (including hostlers) and excluding all other employees, such as but not limited to, all supervisory management, clerical, administrative, maintenance technician and truck service, security, inventory control, janitorial, sanitation, IT, quality control, and all other non-freight handling and non-driving positions.
- 1.2 The Company and Union agree that for work which is substantially and currently being performed that may be allocated or consolidated to a newly created position, the position will be assigned to the bargaining unit and the appropriate pay rate will be subject to negotiations by the parties.

ARTICLE 2 - UNION SECURITY

- 2.1 It shall be a condition of continuing employment with the Company that all warehouse/ order selector employees, as described in Article 1.1, who are members of the Union in good standing on the effective date of this Agreement shall remain members in good standing and that all employees who are not now members and those employees hired on or after the effective date of this Agreement shall on the thirty first day following the beginning of their employment or the effective date of this Agreement, whichever is later, become and thereafter remain members in good standing in the Union.
- 2.2 The Company agrees to deduct from the pay of all employees, who are covered by this Agreement, all periodic dues and initiation fees owing to the Union by the employees, provided however, that an employee shall have signed and submitted a written authorization requesting such action on the part of the Company. Such written authorization shall conform to and be in accordance with all applicable Federal and State Laws. The Union agrees to indemnify and hold harmless the Company from any and all claims by reason of deductions made and remitted to the Union in accordance with such authorizations. All monies deducted by the Company shall be forwarded to the duly authorized representative of the Union designated by the Union in writing for such purposes. It is understood and agreed that any monies collected by the

Company for the Union will be taken out of the first pay period of each month and remitted to the Union within ten (10) days thereafter.

- 2.3 The Company shall, upon written notice from the Union by certified mail, discharge any employee who fails to tender the periodic dues and initiation fees uniformly required by the Union as a condition of acquiring or retaining membership in the Union, within seven (7) calendar days after receipt of such notice. If the Union has notified the Company prior to the expiration of seven (7) days that the employee has paid the amounts owed, the discharge shall not take place.
- 2.4 The Union agrees to indemnify and hold harmless the Employer from any and all claims by reason of termination for an employee's failure to pay any required dues and initiation fees.

ARTICLE 3 - MANAGEMENT RIGHTS

- 3.1 The Union recognizes that the Company retains all rights to allocate its resources, manage its facilities and business, and direct the workforce, except as limited by specific terms of this Agreement.
- 3.2 It is recognized that the Company continues to have the right to implement and/or modify work rules and policies (for example, but not limited to such areas as attendance, personnel policies, industrial injury reporting procedures, etc.) provided that, such work rules or policies shall not conflict with the terms of this Agreement and their application in a specific case is subject to the grievance procedure. The Union will be notified fourteen (14) days prior to implementation of any attendance policy or work rule changes.
- 3.3 The terms of the Agreement are intended to cover only the minimum of wages and other employee benefits specifically covered in this Agreement. The Company may unilaterally implement superior wages and other employee benefits and may unilaterally reduce the same to the minimums herein prescribed; in either case, the Company may do so without the consent of the Union.
- 3.4 The Company shall have the right to assign non-bargaining unit work from time to time to employees covered by this Agreement, and such practice shall not create any future claim to the work in question by the Union or employees covered by this Agreement. The Company may in its discretion reassign such work back to non-bargaining unit employees at any time. It is further understood that incidental warehouse or hostler work performed by management or other non-bargaining unit employees shall not be considered a violation of this Agreement. Examples of such incidental work include but are not limited to training activities, emergency deliveries, error correction and signing for deliveries.

ARTICLE 4 - SUBCONTRACTING

- 4.1 If the Company, in the future, intends to make any new arrangement for subcontracting, when feasible it will first discuss such a possibility with the Union and attempt to reach agreement on employee work opportunities prior to actually entering any new permanent subcontracting relationship. The Company will utilize its own personnel for work needs rather than subcontractor employees when possible and practical in the Company's business judgment. It is explicitly recognized, however, that the Company retains the right to implement whatever subcontracting arrangements it determines is necessary to cost effectively handle business volume.
- 4.2 Employees of the Company not covered by this Agreement will not be deemed to be subcontractor employees. Nothing in this Agreement or its supplements prohibits the Company from using such employees to perform services such as engaging in distribution of products at any Company facilities including but not limited to those covered by this Agreement. Nothing in this Agreement or its Supplements prohibits the Company from storing any product (and providing services) at any Company location or third-party location whether or not covered by this Agreement.

ARTICLE 5 - UNION STEWARD BUSINESS

- 5.1 The Company shall recognize the Union's desire to have Shop Stewards and alternates for each department on each shift and/or work week. The authority of Stewards so designated by the Union shall be limited to the following:
- a) The investigation and presentation of grievances with the Company within the Steward's department.
 - b) The transmission of messages and information which shall originate with and be authorized by the Local Union Officers provided such messages or information is of a routine nature and does not involve work stoppages, slowdowns or refusal to handle goods.
 - c) The Stewards have no authority to take strike action or any other action interrupting the Company's business except as authorized by official sanction of the Local Union.
 - d) The Steward shall be allowed reasonable time to investigate, present and process grievances on the Company's property without undue interruption of the Company's operation. Such Steward will exercise good judgment in the use of their time. Said time is to be paid time during the Steward's regular working hours and shall be considered time worked for computing overtime and benefits.

- 5.2 The Company recognizes the right of each employee to have a steward present at such time that the employee reasonably contemplates disciplinary action may be taken against him/her and the right of each Steward to also have the same representation when the Steward reasonably contemplates disciplinary action may be taken against them.

ARTICLE 6 - NON-DISCRIMINATION

- 6.1 Crystal Creamery is an equal opportunity Employer and will not discriminate against any applicant or employee because of any legally protected characteristic, including age, gender or gender identity, race, color, disability, veteran status, citizenship, religion, familial status, pregnancy or genetic information.
- 6.2 Harassment of any nature is unacceptable and will not be tolerated.
- 6.3 Any form of discrimination or sexual, racial or other harassment, based on any protected status must be reported to management of Crystal Creamery immediately. The Company and the Union hereby agree to comply with Crystal Creamery's Non-Discrimination, Non-Retaliation, and Anti-Harassment Policy, and such policy is hereby incorporated as part of this Agreement by reference.

ARTICLE 7 - SCHEDULING & HOURS OF WORK

- 7.1 The Work Schedule for the succeeding week shall be posted by 12:00 noon, Friday each week. Once the work schedule has been posted, any changes made by management must be agreed upon by the affected employee/employees except in case of business emergencies, (i.e. excessive employees sick or unexpected high volume). Employees asked to work extra schedules will be asked on a voluntary basis. If in sufficient employees volunteer for business emergency work, employees can be required (mandatory) to work according to seniority and qualification.
- 7.2 Departmental Supplements attached to this document may contain other specific procedures for determining schedules and hours of work. If there is a conflict between this Article and a Departmental Supplement, the supplement will control.
- 7.3 The Company shall have the right to employ part-time employees. Full-time employment is not guaranteed. There is no guaranteed workweek or number of work hours each week.
- 7.4 Any seniority employee reporting to work and not put to work shall receive a minimum of five (5) hours work or pay, unless notified two (2) hours prior to the shift start time that no work is available. In addition, employees working past the fifth hour of their shift shall have an minimum guarantee of seven (7) hours of work or pay and a minimum guarantee of eight (8) hours of work or pay if working past the seventh hour with the following exceptions: warehouse employees may be required to finish the order selecting assignment he/she is working on at

the start of the fifth or seventh hour, and in such case shall not be entitled to a seven (7) or eight (8) hour minimum guarantee but shall be paid for actual hours worked. Employees working an extra shift at a premium rate of pay will receive the five (5) hour minimum guarantee only and may be sent home before employees working their regular straight time shift without regard to seniority.

- 7.5 In the event of a power failure, computer downtime or Act of God where it is apparent that the performance of normal work activities will be prevented, employees will be paid for hours actually worked. Supervisors may reschedule work hours to make up for the lost time to complete necessary work.
- 7.6 All hours worked in excess of forty (40) hours per week shall be considered overtime and shall be compensated for at time and one-half (1 ½) the regular hourly rate of pay (vacation pay shall be considered hours worked, and holiday pay shall be considered hours worked in the event the employee does not work on the holiday.) The Company reserves the right to set a regular work day/workweek of either eight (8) hours/ five (5) days per week or ten (10) hours/ four (4) days per week. The Company shall provide the Union reasonable advance notice of the established regular work day/workweek schedule. In the event an eight (8) hours/ five (5) days per week schedule is set, the following shall apply:
- Time and one-half (1 ½) for work in excess of eight (8) hours per shift or forty (40) hours in a workweek.
 - Double time for hours worked in excess of twelve (12) hours per shift.
 - Time and one-half (1 ½) for the first eight (8) hours worked on a seventh day of work in a Sunday through Saturday workweek.
 - Double time for hours worked in excess of eight (8) hours on a seventh day of work in a Sunday through Saturday workweek.

In the event a ten (10) hours/ four (4) days per week schedule is established, the same pay schedule will apply, except that time and one-half (1 ½) will be paid for work in excess of ten (10) hours per shift and not eight (8) hours per shift. Nothing in this Agreement or its Supplements is intended to detract from the Company's ability to establish an alternative workweek.

- 7.7 Employees that are asked by management to work hours in excess of previously scheduled hours shall not be re-scheduled shorter hours later during the workweek to compensate for the excess hours worked earlier in the workweek. Employees scheduled to work an extra shift for overtime or double time pay before the completion of their regular workweek must actually work (or have paid vacation, sick or holiday hours) on all their regularly scheduled shifts unless released from work by the Company, and satisfy the other requirements of Article 7 in order to receive the premium pay for the extra shift(s). Unless specifically stated otherwise (as

with pay for work on a holiday), nothing in this Agreement or its Supplements shall be construed to require that an employee be paid overtime or double time for the first eight (8) hours (or ten (10) hours if a 4x10 employee) of a regularly scheduled shift. Warehouse employees who have had a shift cancelled by the Company may volunteer to work a replacement shift during the same workweek at the straight time rate.

- 7.8 There shall be no compounding or pyramiding of overtime and/or any premium pay.
- 7.9 Night premium pay of thirty five cents (\$.35) per hour will be paid on all hours worked between 5:00 p.m. and 5:00 a.m.
- 7.10 Employees may be required to attend an Employee Meeting once every three (3) months at the discretion of Management, whether or not they are scheduled to work at that time. Employees will be paid a minimum of two (2) hours at straight time rate of pay if they are not scheduled to work during the meeting time. Overtime will apply on the forty (40) hour per week limitation.

ARTICLE 8 - SENIORITY

- 8.1 Warehouse/ order selector employees shall attain seniority for vacation, holiday and lay-off purposes after completing 1,040 hours of work with the Company. Hours worked in a light duty assignment shall not count toward satisfaction of the 1,040 hour period. Upon completion of this period, seniority shall date back to the most recent date of hire. Seniority is defined as length of continuous employment with Crystal Creamery. Continuous employment is defined as an employee's length of continuous service commencing with his/her most recent hire date and subject to the conditions set forth in this Agreement. Seniority shall apply to the reduction in the number of employees performing comparable work in the employee's job function, and the last employee hired shall be the first employee laid off provided qualifications and ability are equal. Nothing herein shall be construed to require pay for time not actually worked.

For employees with the same hire date, relative seniority shall be established by reference to the employee badge number at the time of hire. The employee with the lowest number shall be most senior, followed by the employee with the next lowest number and so on.

- 8.2 The 1,040 hour period during which an employee does not attain seniority as provided in paragraph 1 of this Article shall be considered an orientation period for the employee.

Employees in their orientation period may be terminated for any reason without prior warning. Orientation employees shall not have grievance rights covered in this Agreement.

- 8.3 Seniority and employment shall terminate upon voluntary termination by

the employee, by discharge with just cause, by leave in excess of twelve (12) weeks (unless extended by mutual agreement between the Company and the Union with such extension not to exceed six (6) months total leave), by layoff in excess of 270 days or by failure to report within forty eight (48) hours after receiving notice of recall. Notice shall be given by certified mail to the last known address or by actual phone or personal conversation. In the event notice of recall via certified mail is not claimed by the recipient within seven (7) days of the first notice from the post office, the forty eight (48) hour reporting period shall be considered expired and seniority terminated.

- 8.4 All paid vacation, holiday, overtime and premium hours will count toward progression schedule increases and determination of seniority status.
- 8.5 Wage progression schedule increases shall take effect on the Sunday following completion of the required number of hours of work.
- 8.6 Employees who transfer from another Company location or from a non-covered position at the Stockton DC to a position covered by this Agreement shall be placed at the bottom of the seniority list to which they transfer but will retain Company seniority for vacation eligibility and other fringe benefits.

ARTICLE 9 - HOLIDAYS

- 9.1 The following days shall be considered holidays: Christmas, Thanksgiving Day, Day after Thanksgiving, Labor Day, Fourth of July, Memorial Day, Presidents Day and New Year's Day. Employees must have attained seniority in order to qualify for holiday pay.
- 9.2 All employees averaging thirty-two (32) hours of work or more during the preceding 180 days shall receive eight (8) hours of regular pay as holiday pay at the regular rate of pay in addition to wages earned.
- 9.3 All employees not qualifying for holiday pay under paragraph 9.2 will be paid holiday pay according to the following schedule:

Average Hours Worked During:

<u>Preceding 180 Days</u>	<u>Holiday Pay Hours</u>
24 to 31 Hours	6
20 to 23 Hours	4

- 9.4 All work performed on the holiday will be paid at time and one-half (1 ½) regular rate of pay in addition to holiday pay.
- 9.5 If a holiday falls on a regularly scheduled day off, employees will be paid for the holiday.

- 9.6 Employees must work the entire shift (unless excused by the Employer) on each of the following days in order to qualify for holiday pay: the scheduled day before the holiday, the holiday itself if scheduled or requested, and the scheduled day after the holiday regardless of any leave of absence period surrounding the holiday.

ARTICLE 10 - LUNCH BREAKS AND REST PERIODS

- 10.1 Employees who work shifts of more than five (5) hours will be provided an unpaid meal period of at least thirty (30) minutes, except that when a work period of not more than six (6) hours will complete the day's work, a meal period is not required.
- 10.2 A fifteen (15) minute rest period will be provided for each four (4) hour shift worked. Breaks should be taken using the following guideline:
- Four (4) hour shifts: One fifteen (15) minute break between the second and third hour worked.
 - Five (5) to six (6) hour shifts: if the employee works a five (5) to six (6) hour shift then an additional fifteen (15) minute break is not provided.
 - Over six (6) hour shifts (no overtime): In addition to the employee's first break between the second and third hour worked, the employee shall be given a second break between the fourth and sixth hour worked.
 - Overtime: employees working two (2) hours or more overtime after the end of their regularly scheduled shift shall be given a third break between the second and third hour of overtime.
- 10.3 The meal period must be taken before the fifth hour of work.

ARTICLE 11-VACATIONS

- 11.1 All employees shall be entitled to vacations determined by the anniversary date of his/her employment according to the following schedule:
- One (1) week of vacation after one (1) year continuous employment.
Two (2) weeks of vacation after three (3) years continuous employment.
Three (3) weeks of vacation after five (5) years continuous employment.
Four (4) weeks of vacation after fifteen (15) years continuous employment.
- Employees may take one (1) week in five (5) single or multiple days. All other vacations must be taken in full-week increments.
- Beginning on January 1, 2019, employees shall be entitled to two (2) weeks of vacation after two (2) years of continuous employment.
- 11.2 Employees working thirty three (33) hours or more per week averaged over one (1) year will be eligible for forty (40) hours of vacation pay per

week of vacation earned under Article 11.1. Employees working less than thirty three (33) hours but more than twenty (20) hours per week averaged over one (1) year will be eligible for prorated weekly hours of vacation pay based on actual hours worked in one (1) year divided by fifty two (52). Employees averaging less than twenty (20) hours per week will not be eligible for paid vacation. In all cases, vacation pay will be at the employee's base rate of pay when the vacation time is actually taken.

The vacation year shall be January 1 through December 31 every year. Excess accrued vacation shall be paid out to the employee in the first pay period of the following year.

- 11.3 Employees will receive one (1) additional day at the regular rate in addition to vacation pay if a holiday occurs during the employee's vacation or employee may elect to take an extra day of vacation. If elected, the "extra day" must be used on the scheduled work day immediately preceding or following the vacation week according to the employee's work schedule in effect at the time of the vacation scheduling. If the employee later cancels the vacation week, the extra day will be cancelled as well. If the employee's work schedule changes after the vacation sign up, the extra day will be changed to the nearest scheduled day in the same "before" or "after" week in which it was originally scheduled. Extra days will be considered as single days for purposes of overall scheduling.
- 11.4 Once each year, no later than November 30, a vacation signing period will be offered to give employees an opportunity to schedule their vacation time in advance. Vacations will be scheduled by seniority within each seniority list; except that employees having more than two (2) weeks earned vacation may not schedule the additional weeks until all employees with two (2) weeks or less earned vacation have had an opportunity to schedule their vacation time. Once everyone has had the opportunity to schedule up to two (2) weeks by seniority, the process will be repeated for anyone with remaining weeks. When the second signing period is complete, any remaining vacation slots will be available on a first request basis with two weeks of notice required. Management retains sole discretion to determine how many employees from each seniority list or in each department may be on vacation at any given time but will ensure that enough vacation slots are available for all employees to schedule their earned vacation at some time during their vacation year.
- 11.5 Due to the nature of the specific business associated with the Freezer Warehouse the months of June, July and August will have twenty-four (24) days available for vacation scheduling. A maximum of two (2) days can be scheduled in any one (1) week and an employee will not be allowed to take more than one (1) day per month.
- 11.6 Employees requesting vacation pay in advance must notify Crystal Creamery's payroll department in writing four (4) weeks in advance of the vacation starting date. If no written notice is given, vacation pay will be paid on the normal payday.

- 11.7 Vacations or vacation payments will not be allowed and not considered earned until the anniversary date commitment each year has been satisfied.
- 11.8 Employees must take vacation during the year following the employee's anniversary date in which it is earned. Vacations cannot be accumulated from anniversary year to year. The Company may assign vacation schedules to employees who fail to schedule earned vacation time according to the procedures established by this Agreement. Earned vacations not taken in the year following anniversary date will be voided unless approved in writing by the Warehouse Manager prior to the employee's anniversary date. Such approval is at the sole discretion of the Warehouse Manager and may only be granted in emergencies and not be considered valid until received by the Human Resources/Payroll Department.
- 11.9 Vacation earned but not taken will be paid to employees upon termination.

ARTICLE 12 - LEAVES OF ABSENCE

- 12.1 FUNERAL LEAVE - Employees will be granted up to two (2) days funeral leave with pay due to death in the immediate family. Employees who must travel outside of California may receive up to three (3) additional days without pay for the death of an immediate family member. To receive funeral pay, the employee must attend the funeral, unless the funeral is out of the country or similarly impractical to attend. Immediate family shall be defined as: husband, wife, child, stepchild, parent, stepparent, in-law parent, sister, stepsister, brother, stepbrother, grandparent or grandchild. Employees must attain seniority before becoming eligible for funeral leave pay.
- 12.2 JURY DUTY LEAVE - Employees called for Jury Duty or summoned for witness shall be paid the difference between Jury or Witness fee and normal earnings for regularly scheduled hours on the same day, with the employee to report to work if excused. Employees excused early must contact their supervisor immediately to determine whether or not they will be required to report to work to complete their workday. Jury Duty pay shall at no time exceed two weeks of pay at regular rate of pay based on the average hours worked during the last 180 days.
- 12.3 INDUSTRIAL (Worker's Compensation/On the Job) INJURY OR ILLNESS LEAVE - Time loss (leave) shall be granted in accordance with applicable State Worker's Compensation rules. An employee who has an on-the-job injury or illness, regardless of severity, must notify his/her supervisor immediately, but not later than the end of the shift in which the injury or illness occurs, unless incapacitated by the injury or illness. Employees are required to follow the Employer's policies regarding on-the-job injuries/illness.

Failure to follow the policies may result in disciplinary action up to and

including discharge and delays in processing industrial time loss benefits.

- 12.4 PERSONAL LEAVE - Leaves of absence without pay for personal reasons must be requested in writing by the employee and may be approved or rejected at the discretion of Management. Employees must notify Crystal Creamery management in writing one (1) week in advance when returning from a leave of absence if the return date is earlier than originally agreed upon.

The Warehouse Manager must authorize and sign the leave of absence request prior to being sent to Crystal Creamery's Human Resources Department.

- 12.5 PARENTAL LEAVE and/or FAMILY MEDICAL LEAVE - State and Federal Law applicable.

Applications for parental and/or family leave must be completed and submitted to the Human Resources/Payroll department with a copy to the Department Supervisor in a timely manner.

ARTICLE 13 - EXAMINATIONS

- 13.1 Physical examinations required by the Company shall be promptly complied with by all employees. In any examination required or allowed under this Article, the employee shall be required to present to the physician all documents designated by the Company (for example, light duty work descriptions), and to complete all required paperwork. Any employee not complying with these requirements shall be subject to discipline.
- 13.2 The Company shall not be required to pay for examinations required by law or a governmental agency, except as provided herein. The Company shall pay the cost of necessary physical examinations for DOT card renewals for all employees requiring a DOT card provided the employee goes to the doctor designated by the Company. If not, Company payment will not exceed what the designated Company doctor would charge.
- 13.3 The employee's ability to perform the physical requirements of his/her job is a continuing condition of employment at the Company.
- 13.4 Prior to an employee's return from disability leave, the employee will be required to obtain a statement from his/her attending physician certifying the employee's ability to do the work. If such a statement is from a Company designated doctor, Section 12.5 shall not apply.
- 13.5 If there is a reasonable question about the employee's condition after receipt of his/her attending physician's statement, the Company may refuse to allow the employee to return to work until the employee can be re-examined by a Company selected doctor at Company expense. If the

Company selected doctor agrees with the employee's attending physician, the employee shall be put back to work. If the Company selected doctor gives a contrary opinion to that of the employee's attending physician, the Company shall have no duty to utilize the employee for the work in question (but may utilize him or her in a modified light duty position as defined in Article 17), and the Company shall have no back-pay obligations.

- 13.6 If the employee contests the Company selected doctor's contrary opinion under Section 12.5, the Company and the Union shall have the right to jointly select a third doctor as soon as possible and to have a third medical examination at the Company's expense, which shall be final and binding on all parties.
- 13.7 There shall be no back pay due and owing to the employee if the third doctor agrees with the Company selected doctor or regardless of the third doctor's opinion for the first twenty one (21) days after selection of the third doctor. If the third doctor agrees with the employee's attending physician, the Company will pay the employee back pay for the period, if any, after the expiration of the twenty one (21) day period only.
- 13.8 All examinations required under this Article shall be scheduled and conducted as soon as possible under all circumstances.
- 13.9 This Article is not intended to allow the Company to question an employee's return to work from normal short term absences due to a minor illness or injury when there are no reasonable grounds to question an employee's ability to do his/her work.
- 13.10 Should the Company find it necessary to require employees to carry or record full personal identification, such requirements shall be complied with by the employees. The cost of such personal identification shall be paid by the Company.
- 13.11 An employee who suffers a worker's compensation injury during his/her shift who receives medical treatment off site and who is released to return to normal work that same day shall be paid for the entire scheduled shift up to a maximum of eight (8) hours (or ten (10) hours for 4x10 workweek employees). Such employee must return to work immediately after the doctor's release if there is sufficient work time remaining on the shift.

ARTICLE 14 - HEALTH INSURANCE PLAN

- 14.1 All employees covered by this Agreement shall be eligible for the company group health and welfare plan sponsored self-insured PPO or HMO plan ("Company plan"). This plan includes coverage for doctor and hospital, major medical, dental and vision. Northern California General Teamsters Security Fund (NCGTSF) Select Plus Plan which also includes an HMO Option will be effective January 1, 2018. Until that time, employees shall be covered under the Company sponsored plan under their current plan elections. The NCGTSF plan includes coverage for doctor and hospital,

major medical, prescriptions, dental and vision.

- 14.2 All changes, modifications and/or amendments shall be reflected in the plan documents.
- 14.3 Effective July 1, 2017 through December 31, 2017, the Company will pay for eighty eight percent (88%) of the cost of the Company plan(s) and the employee will pay for twelve percent (12%) of the cost of the Company plan(s).

Beginning on January 1, 2018, under the NCGTSF plan, the Company will contribute the amounts as set forth in the chart below under any plan or coverage option (i.e., Employee Only, Family, etc.). Any additional cost will be paid by the employee, and the balance will be deducted from their bi weekly paycheck. An employee does have the ability to opt out of the plan. The employee premium cost will be deducted on a pre-tax basis.

	2017	2018	2019	2020
Employee Only	\$625.68	\$647.58	\$670.24	\$693.70
Employee + Spouse	\$1,060.40	\$1,097.51	\$1,135.93	\$1,175.68
Employee + Children	\$1,008.48	\$1,043.78	\$1,080.31	\$1,118.12
Family	\$1,404.48	\$1,453.64	\$1,504.51	\$1,557.17

ARTICLE 15 - 401-K, PROFIT SHARING AND PENSION PLAN

- 15.1 Employees become eligible to participate in the Company 401(k) program when they have successfully completed the orientation period.

The Company will deposit one thousand dollars (\$1,000) in each eligible employee's account on or before October 1, 2017. The Company will also deposit an additional five hundred dollars (\$500) in each eligible employee's account on or before April 1, 2018. Employees become eligible to participate in the Company 401(k) program when they have successfully completed the orientation period (completion of 1040 hours or more).

- 15.2 After meeting all the qualifying conditions, employees will be enrolled into the Company Profit Sharing plan. Employee participation in the Company Profit Sharing Plan will be terminated effective December 31, 2018. Paragraph 15.4 will apply thereafter.
- 15.3 SIP 401(k) Plan: The Employer agrees to pay the monthly administration fee for employees who participate in the SIP 401(k) Plan. The Employer additionally agrees to make deductions from pre-tax wages as directed by each participating employee and forward said deduction to the Plan Administrator in a timely manner in accordance with the Plan rules.

- 15.4 Effective January 1, 2019 the Employer shall pay into the Western Conference of Teamsters Pension Trust on account of each member of the bargaining unit for each hour for which compensation was paid to a maximum of 2080 hours per calendar year. For purposes of this Agreement, paid holidays and paid vacation time shall be counted as time worked, but no payment will be made on overtime hours. The hourly contribution rate shall be (\$1.00) per compensable hour, which includes (\$0.14) for the Enhanced Early Retirement (PEER/80).

Effective January 1, 2020 the employer shall pay into the Western Conference of Teamsters Pension Trust on account of each member of the bargaining unit for each hour for which compensation was paid to a maximum of 2080 hours per calendar year. For purposes of this Agreement, paid holidays and paid vacation time shall be counted as time worked, but no payment will be made on overtime hours. The hourly contribution rate shall be (\$1.25) per compensable hour, which includes (\$0.18) for the Enhanced Early Retirement (PEER/80).

The contributions required to provide the Program for Enhanced Early Retirement (PEER) will not be taken into consideration for benefit accrual purposes under the Plan. The additional contributions for PEER 80 must at all times be 16.5% of the basic contribution and cannot be decreased or discontinued at any time.

The total amount due for each calendar month shall be remitted in a lump sum not later than ten (10) days after the last business day of each month. The Employer agrees to abide by such rules as may be established by the Trustees of said Trust to facilitate the determination of the hours for which contributions are due, the prompt and orderly collection of such amounts and the accurate reporting and recording of such hours and such amounts paid on account of each member of the bargaining unit. Failure to make all payments herein provided for within the time specified shall be a breach of this Agreement.

- 15.5 For probationary Employees hired on or after January 1, 2019 the Employer shall pay an hourly contribution rate of (\$0.10) (including PEER/80) during probationary period as defined in Article 15 /Section 15.5, but in no case for a period longer than the first 90 calendar days from an employee's first date of hire. If and when this period is completed, the full standard contribution rate shall apply. Contributions shall be calculated on the same basis as described above.

ARTICLE 16 - SETTLEMENT OF DISPUTES

- 16.1 A Grievance is defined as a claim by the Union or employee(s) that a specific provision of this Agreement has been violated by the Company. All grievances concerning the application or interpretation of this Agreement shall be presented in writing by the aggrieved party to the designated representative of the Company within fourteen (14) calendar days of the day the aggrieved party first had knowledge of the grievance

or dispute or after the Company's answer. Grievances unresolved within thirty (30) days of filing may be referred to a Joint Conference Board.

- 16.2 Employees shall try to resolve grievances through their immediate supervisor. An earnest effort shall be made by all parties to effect a fair and equitable settlement. The supervisor shall provide his/her answer within fourteen (14) days. Any grievance for improper calculation of wages or overtime must be presented to the Company in writing within fourteen (14) calendar days of the day the employee is paid for the period in which a discrepancy is claimed; otherwise the Union, the Employer, and the employee agree that payment is made in full and the right to grieve is waived. The Company will pay the claim or respond in writing within fourteen (14) days of submission or the claim will be deemed valid. Grievances for alleged Contract violations with an accompanying pay claim may be processed directly through this Article.
- 16.3 The Union shall not be required to press employee(s) grievances if, in the Union's opinion, such lack merit. With respect to the processing, disposition and/or settlement of any grievance, including hearings and final decisions of a Board and/or Arbitrator, the Union shall be the exclusive representative of the employee(s) involved with sole and exclusive authority to act on employees' behalf.
- 16.4 The Joint Conference Board shall be composed of two (2) panel members designated by the Union and two (2) panel members designated by the Employer. By mutual agreement, or when the grievance(s) in question do not involve suspension or discharge or major contract interpretation questions, the Board may be composed of only one (1) representative of each party. If mutually agreed, the Joint Conference Board may be composed of an unequal number (one (1) management, one (1) Union, and one (1) neutral selected by the parties) of conferees to achieve final resolution of a grievance at the Joint Conference Board step. No more than one (1) Employer designated member may be a Company employee (if a Company employee is designated as a board member, he/she must not be employed at the Stockton Distribution Center), or otherwise directly involved in the dispute, and no panel member designated by the Union shall be employed by the Local Union directly involved. The Joint Conference Board step may be waived by mutual agreement, in which case the grievance will be referred directly to arbitration in accordance with paragraph 16.5 below. Any matter not referred to arbitration within thirty (30) calendar days after the dissolution of a Joint Conference Board shall be deemed to be untimely and the right to arbitrate waived.
- 16.5 If the Joint Conference Board cannot resolve a question referred to it, the parties shall select an impartial arbitrator within ten (10) calendar days of the request for arbitration. In the event the parties are unable to mutually agree upon the impartial arbitrator, the parties shall then jointly request that a panel of arbitrators be named by the Federal Mediation and Conciliation Service, or other mutually-agreed upon service, from its then existing labor arbitration list of persons who have qualified to be placed

thereon. A single arbitrator shall be selected from the panel. The parties shall alternately strike names from the panel with a toss of a coin determining which party shall strike the first name. The last remaining name shall be the Arbitrator.

- 16.6 Neither the Arbitrator nor the Joint Conference Board shall have the power or authority to add to, subtract from or modify the terms of this Agreement.
- 16.7 Fees and expenses of the Arbitrator and hearing room cost shall be shared by the parties.
- 16.8 Either party may cause the arbitration hearing to be recorded and obtain a transcript of the arbitration at that party's expense and for that party's sole use, unless the other party wishes a copy, in which case the expense of the transcript shall be shared equally.
- 16.9 The decision of the parties reached at any of the steps provided in the Grievance / Arbitration Procedure shall be considered as final and binding on the Company, the Union, and all bargaining unit employees.
- 16.10 Any settlement of a grievance short of decision by a Joint Conference Board or an Arbitrator shall not be considered as binding on the Company or the Union in a future case.
- 16.11 All claims for back wages shall be limited to the amount of wages that the employee otherwise would have earned less all amounts the employee earned elsewhere during the period in question and less any Unemployment compensation received or compensation received for personal services that he/she may have received or could with diligent effort have received from any source during the period in question.
- 16.12 Pending final determination of a grievance or dispute, the status quo existing immediately following the event giving rise to the grievance or dispute shall be maintained. The employee grievant shall be required to continue his/her duties as directed by the Company pending the final decision.
- 16.13 In the event labor standards are challenged or questioned, said challenge or question shall be handled through this grievance procedure, including binding arbitration, without the use of strike, work stoppage, slowdown, or any form of job action. In the event of arbitration, the Arbitrator shall be authorized only to determine whether the standards meet accepted industrial engineering standards of evaluation.

ARTICLE 17 - DRUG/ALCOHOL POLICY

- 17.1 All covered employees are subject to Crystal Creamery's Alcohol and

Drug Policy attached hereto and incorporated into this Agreement by reference. The Company reserves the right during the term of this Agreement to unilaterally change, modify and/or amend this policy. All covered employees must sign the Acknowledgement of Receipt of the Drug and Alcohol Policy and the Agreement to Conditions of Continuing Employment. The Union shall assist the Company in securing compliance with this article. In the event the Company executes a change, modification or amendment to its policy, it shall provide the Union reasonable advanced notice.

ARTICLE 18- MODIFIED WORK/WORKER'S COMPENSATION

- 18.1 The Company shall have the right to implement and maintain a modified worker program for those employees temporarily restricted from performing their regular job duties due to an on-the-job injury or illness.
- 18.2 The Company shall be entitled, at its discretion, to place employees in any work area or assign any duty that will conform with the temporary medical restrictions. Seniority shall not apply among employees assigned to modified duty positions. Covered employees may be placed in modified duty positions that are not governed by this Agreement. Medical restrictions may be verified by the Company with the employee's treating physician and/or an independent physician selected by the Company. Employees are required to meet all expectations of this modified work, which includes performance, quality, quantity and continue to adhere to all Company personnel policies.
- 18.3 Time worked in alternate modified temporary positions shall not count as hours worked for the purpose of wage progression only if the employee is assigned work in a lower classification or productivity is reduced in their assigned classification.

ARTICLE 19 - NO STRIKE/NO LOCKOUT

- 19.1 The Union and the Employer have provided in this Agreement an orderly and rational way of resolving disputes covering the terms of this contract and involving employees in this bargaining unit. Both the Employer and the Union pledge to utilize the grievance procedure to resolve all disputes between the Union and the Employer and between the employees represented by the Union and the Employer.
- 19.2 No Lockout. The Employer agrees that during the term of this Agreement it will not engage in any lockout of its employees covered by this Agreement.
- 19.3 No Strike. During the term of this Agreement there shall be no strike (sympathy or otherwise), slowdown, sick-in, cessation of work, withholding of services, work stoppages, picketing, leafleting, hand billing, boycotting, or other restriction of or interference with operations of this Employer directed against this Employer at any location, by employees covered by this Agreement or by the Union on behalf of or concerning

employees covered by this Agreement, or alleged violation of this Agreement or in sympathy with other employees not covered by this Agreement. Informational picketing or leafleting without an economic purpose shall not be a violation of this Agreement. Such signs or leaflets shall specifically state that the picketing or leafleting is informational only. Any employee covered by this Agreement engaging in any such activity will neither earn, accrue, nor receive any wages or other benefits that may otherwise occur or accrue during that time, and the Employer may discharge or otherwise discipline any such employee and said discharge or other discipline will not be subject to the grievance provisions of this Agreement.

- 19.4 The Union and the Employer agree that neither the Union nor its officers, agents, representatives or stewards will engage in, cause, encourage, permit, condone or sanction any conduct specifically precluded by this Article and will take whatever affirmative action is necessary to discourage and terminate such activity, including, but not limited to, publicly disavowing such activity, exerting itself to bring about a quick termination of such activity and insisting that the employee or employees involved cease such activity.
- 19.5 Neither the violation of any provision of this Agreement by any person nor the commission of any act by any person constituting an unfair labor practice or otherwise made unlawful by any federal, state or local law shall excuse the Union, Employer, or the employees from their obligations under the no-strike/ no-lockout provisions set forth in this Agreement.
- 19.6 The Employer and the Union shall have the right to full judicial relief, including injunctive relief, for violation of this Article.
- 19.7 It shall not be a violation of this Agreement, and it shall not be cause for discharge or disciplinary action if an employee refuses to perform any services which his Employer undertakes to perform for an Employer or person whose employees are on strike; and which service, but for such strike, would be performed by employees of the Employer or person on strike.

ARTICLE 20 - SICK LEAVE

- 20.1 Employees during each twelve (12) month period after the first and each succeeding year of continuous employment with the Company shall be entitled as set forth below to paid sick leave at their current regular hourly rate of pay for absences due to bona fide illness.
- 20.2 Employees shall accumulate a maximum of forty-eight (48) hours of sick leave per year. Sick leave shall accumulate at the rate of four (4) hours per full month of work. Eligibility for sick leave pay shall be cumulative from year to year but not to exceed a maximum of one hundred twenty (120) hours. Any employee who maintains a bank of one hundred twenty

(120) hours and does not receive any sick pay during the calendar year shall receive a one hundred seventy five dollar (\$175) bonus the first pay period in January of the following year.

Sick leave pay will be based on the scheduled straight time day missed (sick).

- 20.3 Paid sick leave under this article shall begin on the first full scheduled working day missed due to bona fide illness or off-the-job accident whether hospitalized or non-hospitalized with the following exceptions: paid sick leave shall begin on the second day missed for third absence in a revolving year, on the third day missed for the fourth absence in a revolving year and not until the fourth day missed for the fifth absence and any greater number of absences in a revolving year. However, as long as the employee's sick bank is at eighty (80) hours or more at the beginning of any absence, sick pay shall begin on the first full scheduled day missed for that absence. Sick leave shall continue for each working day of illness thereafter if otherwise payable under this article. Partial work days missed are not eligible for paid sick leave. Sick leave pay shall be paid for the hours scheduled for the day missed or for part time employees or employees without a fixed workweek in an amount per day equal to the average daily number of regular hours worked by the employee during the fifty two (52) weeks immediately preceding his/her last anniversary date, not to exceed the maximum straight time hours possible for the day missed times his/her current hourly rate.
- 20.4 Sick leave shall not be paid on the employee's scheduled day off, holidays, in coordination with worker's compensation, vacations or any other day on which the employee is drawing pay for time not worked or would not have otherwise worked. Such days shall not be considered working days for the purpose of establishing the date on which the sick leave pay is to commence.
- 20.5 Employees shall not be required to work in lieu of sick leave previously taken.
- 20.6 A doctor's certificate or other authoritative verification of illness may be required by the Company, and if so, must be presented by the employee not more than forty eight (48) hours after return to work except that such certificate may be required before the employee's return to work in situations where the Company reasonably believes that the employee may be disqualified by illness or injury from properly performing employee duties. Whenever possible, the Company will notify employees prior to their return if a doctor's certificate will be required. Failure to provide such required certificate or verification will waive sick leave pay, even if otherwise applicable.
- 20.7 Any employee found to have abused sick leave benefits by falsification or misrepresentation shall thereupon be subject to disciplinary action, reduction or elimination of sick leave benefits (whether or not paid) and shall further restore to the Company amounts paid to such employee for

the period of such absence and may be discharged by the Company for such falsification or misrepresentation.

Employees calling in sick or utilizing sick benefits are expected to have a bona fide illness and subsequently should be either at home, at a doctor's appointment or at a health care facility approved by the provider, etc. Employees engaging in contrary activities while alleging sickness will be subject to disciplinary action up to and including discharge.

- 20.8 Sick leave benefits are not convertible to cash or any other benefit and are not payable upon termination of employment.

ARTICLE 21- MAINTENANCE OF MORE FAVORABLE CONDITIONS AND/OR PROGRAMS

- 21.1 It is agreed by the Union and the Company that any voluntary benefits and/or programs which are now in effect, or may in the future be put into effect shall only be continued by option of the Company.
- 21.2 It is also agreed that no employee shall suffer a reduction of any kind due to the signing of this agreement.
- 21.3 Any employee presently receiving a wage rate higher than the base rates specified in either the "Master" or the "Supplements" shall retain such rate. In addition, they will receive all contractual increases.
- 21.4 The Company agrees not to enter into any agreement with employees, individually or collectively, which in any way conflict with the terms and conditions of this Agreement. Any such agreement shall be null and void.

ARTICLE 22 - WAGE RATES

- 22.1 Wages are covered by the attached departmental supplements.

ARTICLE 23 - DURATION OF AGREEMENT

- 23.1 This Agreement (including supplements, addenda and side letters) will become effective from June 30, 2017 through June 29, 2020 and from year to year thereafter, unless either party to this Agreement serves notice as provided for herein. If either party wishes to modify or terminate this Agreement and supplements as of their expiration or subsequent anniversary dates, it shall serve notice of such intention upon the other party sixty (60) days prior to the expiration or subsequent anniversary date.

GENERAL TEAMSTERS,
LOCAL UNION NO. 439

By: Rob Nicewonger 9/26/17
Rob Nicewonger
Business Agent – Local 439

By: [Signature]
Felipe Gaytan
Shop Steward – Local 439

CRYSTAL CREAMERY

By: Walter M. Mendez
Walter Mendez
Vice President of Human Resources and Support Services

STOCKTON WAREHOUSE SUPPLEMENT

ARTICLE 1- SENIORITY

- 1.1 There shall be one (1) separate seniority list for Warehouse/ Order Selector Employees.
- 1.2 Yard Hostling shall be considered Warehouse/Order Selector work.
- 1.3 Premium pay shifts will be offered by seniority and qualification to employees available to work the required shift. Subject to the provisions of Article 1.6 of the Warehouse Supplement, overtime will be allotted on a seniority/ qualification basis, first asking employees in order of seniority and qualification, and second assigning from the bottom of the seniority list of qualified people. Employees will not be considered available unless they have at least eight (8) hours off between shifts, nor Floaters on a double-back except as volunteers in cases of necessity as determined by the Company.
- 1.4 The Company will determine when and how extra work will be scheduled according to the needs of the operation; for example, whether to keep one (1) shift over or bring another shift in early or to use employees in an extra shift at Company discretion. Once that determination is made, the required extra work will be offered and assigned by seniority and qualification among employees available to work when needed. There shall be no runaround claims except between employees with, or eligible and available for, a common shift start and/or end time. Employees who missed part or all of their previous scheduled shift for any reason shall not be eligible to file a runaround claim for missed overtime on a subsequent shift unless they positively notified the Company of their availability to work before any overtime was scheduled for that shift.
- 1.5 Whenever possible, the Company will provide at least one (1) hour notice to an employee when mandatory overtime is required.

ARTICLE 2 - HOURS OF WORK

- 2.1 Five (5) shifts, Sunday through Saturday, shall constitute a week's work. Full-time employment is not guaranteed.
- 2.2 Employee work schedules will be reassigned at least twice per year and more often as necessary in the Employer's judgment. Work schedules will be offered by seniority and qualification. When establishing work schedules, to the extent it is consistent with the overall needs of the operation, the Employer will use the following guidelines in putting together work schedules: first, maximize the number of schedules with two (2) days in a row off including either a Saturday or a Sunday off, or both; second, create as many schedules as possible with two (2) days in a row off but not including a Saturday or Sunday off; finally, set any remaining five (5) day workweeks that have split days off. Nothing in this section shall be construed to require any particular number of one (1) type

of schedule or another or to require any specific mix of schedules. At least eighty percent (80%) of seniority employees will be offered fixed workweek schedules.

ARTICLE 3 - FREEZER OPERATIONS

- 3.1 Employees assigned regular freezer work will be provided with insulated clothing and gloves (including two (2) freezer suits). Employees will be responsible for the care and cleaning of these items and must return them in order to receive replacements; upon request by the Company; and upon separation from the Company.

**MEMORANDUM OF UNDERSTANDING
TO THE COLLECTIVE BARGAINING AGREEMENT**

BETWEEN

(EMPLOYER)

a) and

(UNION)

D.R.I.V.E. AUTHORIZATION AND DEDUCTION

In addition to the terms and conditions contained in the above referenced collective bargaining agreement between the Employer and the Union, the Employer and the Union hereby further agree that:

The Employer agrees to deduct from the paycheck of all employees who submit authorization cards and are covered by this Agreement voluntary contributions to D.R.I.V.E. D.R.I.V.E. shall notify the Employer of the amounts designated by each contributing employee that are to be deducted from his/her paycheck on a weekly basis for all weeks worked. The phrase "weeks worked" excludes any week other than a week in which the employee earned a wage. The Employer shall transmit to:

National D.R.I.V.E.
P.O. Box 758637
Baltimore, MD 21275

Send on a monthly basis, in one check the total amount deducted along with the name of each employee on whose behalf a deduction is made, the employee's social security number and the amount deducted from the employee's paycheck. No such authorization shall be recognized if in violation of State and Federal law. No deductions shall be made which is prohibited by applicable law.

For the Union

Rabute E. Prince
(signature)

Business Agent
(title)

September 26, 2017
(date)

For the Employer

Walter M. Mendez
(signature)

UP HR
(title)

10/5/17
(date)

MEMORANDUM OF UNDERSTANDING

1. If the Company closes the existing Stockton facility and opens a new warehouse facility replacing the Stockton site within the geographic area covered by Local #439, the Stockton employees will be offered the opportunity to continue their employment at the new site, under the existing collective bargaining agreement.
2. If the Company permanently closes the Stockton facility, the Stockton employees would be placed on a preferential hire list for the Modesto "A" "On Call" Pool. They will be offered positions in the "On Call" Pool in the order of their Stockton seniority dates as openings become available in the Pool.
3. If the Stockton facility is sold as an ongoing business and an employee is not retained by the purchaser or the employee rejects an offer of employment from the purchaser, the employee will have same rights as in paragraph 2 above.
4. If the Company subcontracts out some or all of the Stockton facility pursuant to Article 4, those employees affected shall be entitled to the same rights provided in paragraph 2 above.
5. In paragraphs 1, 2, 3 and 4 above, if the employee rejects the Company's offer to move to another Company location, that employee shall forever waive their right to do so in the future. However, such employee could subsequently apply as a new hire.
6. Further, an employee who reaches the top rate in his or her classification will be provided the opportunity to transfer to the Modesto "A" On Call Pool under the following conditions.
 - a. The employee is not at the last step for either progressive discipline or for absenteeism.
 - b. The employee must wait at least six (6) months after reaching the top Stockton rate before moving to the Modesto "A" On Call Pool.
 - c. Any transfer to Modesto will not occur in June, July or August.
 - d. Employees currently at the top Stockton rate will be offered the opportunity one at a time in order to seniority. Only one employee will be permitted to exercise this option every six (6) months, unless otherwise approved by the Company.
 - e. If an employee fails to transfer when his/her turn arises, he/she shall forfeit any future opportunity to do so unless otherwise approved by the Company (except as provided above in paragraphs 1 – 5).
 - f. The employee shall retain their vested 401(k) account.
7. Under each of the scenarios provided in paragraphs 2, 3, 4 and 7, the employee will:
 - a. Be credited with Company seniority for determining starting rate at Modesto;
 - b. And, credited with Company seniority for vacation benefit purposes only.

(Signature Page Next)

GENERAL TEAMSTERS # 439

By: Rob E. Nicewonger 9/26/17
Rob Nicewonger
Business Agent - Local 439

CRYSTAL CREAMERY

By: Walter H. Mendez
Walter Mendez
Vice President of Human Resources

WAREHOUSE/ORDER SELECTOR WAGE SCHEDULE

<i>Ratification *</i>	<i>June 29, 2017</i>	<i>June 29, 2018</i>	<i>June 29, 2019</i>
0 - 1040 hours	\$13.00	\$13.00	\$13.00
1041 - 2080 hours	\$13.50	\$13.50	\$13.50
2081 - 3120 hours	\$14.00	\$14.00	\$14.00
3121 - 4160 hours	\$14.50	\$14.50	\$14.50
4161 - 5200 hours	\$15.00	\$15.00	\$15.00
5201 - 6240 hours	\$17.00	\$17.00	\$17.00
6241 + hours	\$18.40	\$18.75	\$19.10

Hostler positions will be paid at the top rate of the scale.

Shift Foreperson rate will be \$.50 above the respective progression scale. Two (2) Forepersons, one (1) allocated to the swing shift and one (1) allocated to the night shift.

Future year increases will take effect on the Sunday following the effective date of June 29.

All individual progression increases will take effect the pay period following the date the individual reaches the new total hours worked as provided in the above schedule.

*Effective with hours worked the first Sunday following ratification.

WORK RULES
FOR EMPLOYEES OF FOSTER DAIRY FARMS dba; CRYSTAL CREAMERY

The following work rules have been adopted for the purpose of maintaining high work and safety standards for the mutual benefit of the company and all employees.

SECTION I MISCONDUCT

Commission of any of the following acts may warrant dismissal on the first offense.

1. Reporting for work under the influence of alcohol or dangerous drugs, the possession, use, sale, solicitation or distribution of alcohol or drugs on company time or company property regardless of whether on or off duty such as lunches and breaks.
2. Theft, stealing or dishonesty with the company, its customers, or fellow employees. Anyone who is aware of this violation and fails to report them to management will be considered in violation to the same extent as the offender.
3. Smoking in posted "No Smoking Area" which constitutes a serious fire hazard.
4. Driving a company vehicle in a manner endangering lives and property of others.
5. Driving a company vehicle off Foster Farms Dairy property without a valid driver's license on your person.
6. Immoral or indecent conduct on the premises.
7. Insubordination, fighting, assault, or physically abusing fellow employees, customers, suppliers.
8. Racial or sexual harassment to fellow employees, customers, suppliers, or members of the public when on company time or when representing the company in an official capacity.
9. Interference with other employees by coercion, intimidation, or any other action or behavior which is considered a hostile work environment.
10. Sabotage or malicious destruction of company property or property of another employee.
11. Intentionally using another employee's Kronos card, or authorizing another employee to use your Kronos card for time keeping purposes.
12. Discourteous or improper conduct with customers or the general public, which would bring discredit to the company's good name.
13. Falsifying company records, documents, or reports.
14. Sleeping on company time.

15. Possession of lethal weapons including personal knives over 3" in blade length on company property.
16. Unauthorized use of company property and unauthorized possession of company property.
17. Mishandling or intentional abuse of company products, machinery or equipment.
18. Passing on confidential business or any information to company employees or outside interests that could be damaging to the company reputation.
19. The spreading of false reports, which are detrimental to good relations between the employees and the company.
20. Fraudulent reporting or willful abuse of sick leave.
21. "Horseplay" or throwing articles resulting in personal injury or damage to company property or products.
22. Failure to properly report at once an accident, on-the-job injury, or damage to company property to your immediate supervisor or foreman.
23. You are not permitted to carry passengers in company vehicles without approval from management.
24. "No Call No Show" if an employee does not report to work, and does not call notifying us of his/her absence for a period of 3 scheduled work days, will be considered as job abandonment and therefore, as the circumstances dictate, may be terminated.

SECTION II STANDARD OF CONDUCT

Anyone guilty of one (1) or more of the following offenses within a twelve (12) month period may receive progressive discipline as follows. A written warning on the first offense, suspension on the second offense and dismissal on the third offense. Anyone who violates the same offense three (3) times or a combination of four (4) offenses may be terminated.

1. Failure to perform job duties in a satisfactory manner.
2. Use of tobacco in any company building or as prohibited by posting. Smoking is allowed in designated areas only. Company vehicles (cars, trucks, vans, tractors, farm equip., etc.) are not designated smoking areas.
3. Loitering during working hours, unnecessary absence from assigned department or route, conducting personal business, or unexcused idleness while on the clock.
4. Committing an unsafe act or failure to observe reasonable safety standards, not exclusive to PPE's, goggles, hard hats, ear plugs and proper footwear.
5. Failure to observe assigned lunch and break periods.

6. Circulating or signing petitions, posting or circulating bills or pamphlets on company premises or company routes without company permission.
7. Failure to follow established accounting practices in the handling of company money, or product shortage from routes, irregularities in invoices and excessive errors in load-outs.
8. Failure to call supervisor or foreman at least two (2) hours before shift starts if unable to report for work. Also, failure to notify intention to return to job after absence. Notice of intent to return to job is to be done at least two (2) hours prior to conclusion of employee's previous regular shift.
9. Failure to have foreman or supervisor's approval for overtime worked, no lunch and all exception time.
10. Failure to follow Good Manufacturing Practices (GMP's).
11. Failure to follow clothes changing guidelines.
12. Failure to wear required uniforms and to keep uniforms in a neat and clean condition. Wearing another employee's uniform is prohibited unless written permission is obtained.
13. Failure to observe State Health Laws, such as washing hands after using restroom facilities and the wearing of hairnets in processing areas.
14. Use of any electronic devices, not limited to cell phones, iPods, that does not pertain to job function, is prohibited while on duty.
15. Passengers are not allowed on any moving material handling equipment, and are not to be used for personal transportation.
16. Proper footwear is required. Footwear that is defective or inappropriate to the extent that its use creates the possibility of foot injuries, slips, trips, or falls is not allowed.

SECTION III ATTENDANCE POLICY

Absenteeism can become a serious problem, not only to fellow workers who often have to carry the extra workload of those who are absent, but also to the Company. Therefore, the following Attendance Policy Control Procedure will be instituted.

TYPES OF ABSENCES AND TARDINESS

Accumulated absences and tardiness are considered one in the same in determining penalties.

Tardiness

Employees who are tardy will receive one half (1/2) point.

Absence

An absence is defined as one occurrence, regardless of length. For example, one occurrence could be a single day, or it could be five (5) consecutive days and employee will be assessed one (1) point per occurrence.

Employees with more than three (3) points who are absent the day before and/or the day following Vacation, Holiday, or Floater shall receive two (2) points. Employees with three (3) points or less in same circumstance shall receive one (1) point.

Employees who are absent the second Sunday in a six (6) month period shall receive two (2) points.

Multiple Day Absences

The Employer may require a doctor's certificate or other satisfactory proof of illness or accident for absences of three (3) days or more. The requirement for a doctor's certificate shall be met by the presentation of a health and welfare claim form executed by a doctor.

Leaving Work Early

Employees who leave work early without completing half ($\frac{1}{2}$) of their shift will receive one (1) point. Employees who leave work early and have completed half ($\frac{1}{2}$) of their shift or more will receive ($\frac{1}{2}$) point.

Kronos Card

A lost or "forgotten" Kronos will count as ($\frac{1}{2}$) occurrence unless the employee notifies his or her supervisor prior to his or her shift start time and then it will count as ($\frac{1}{4}$) occurrence.

Exclusions (No Points)

Absences or tardiness caused by the following reasons: Jury Duty (Upon verification), Pregnancy Leave, any federal or state government regulated leave of absence, Funeral Leave, Leave of Absence (Granted by Company), layoff, work related injury and employees admitted to the hospital (defined as overnight stay).

Disciplinary Action Period

The period covered shall be any (12) twelve consecutive months.

Points will freeze and time period will be suspended if employee is out more than 30 consecutive days and will resume upon return.

ABSENTEEISM CONTROL PROGRAM

Disciplinary action will be taken when warranted as outlined below:

Step 1: On the first and second point in a twelve (12) month period, no action will be taken.

Step 2: On the third point in a twelve (12) month period the employee will receive counseling and a review of the attendance policy by his/her Supervisor.

Step 3: On the fourth point in a twelve (12) month period, the employee, as the facts dictate, will receive a written warning.

Step 4: On the fifth point in a twelve (12) month period, the employee, as the facts dictate, will receive a first warning of termination.

Step 5: On the sixth point in a twelve (12) month period, the employee, as the facts dictate, will receive a second warning of termination.

Step 6: On the seventh point in a twelve (12) month period, the employee, as the facts dictate, will be terminated.

SECTION VI DRUG AND ALCOHOL POLICY

INTRODUCTION

Crystal Creamery has a strong commitment to the health, safety and welfare of its employees, which requires a clear policy and supportive programs relating to the prevention, detection, and treatment of substance abuse by employees. All employees must comply with the following Drug and Alcohol Policy, which supports our responsibility to maintain a safe work environment for all employees and as documented in the work rules. The "core" concept of the Drug and Alcohol Policy is that employees must be "fit for duty" in the employment relationship.

STATEMENT OF POLICY

The following behavior is strictly prohibited, and employees who engage in such conduct will be removed from their position immediately pending final investigation which may result in further disciplinary action up to and including termination.

- A. Use, possession, manufacture, distribution, or sale of illegal drugs or drug paraphernalia or unauthorized controlled substances or being under the influence of alcohol. For clarification of "influence," Crystal Creamery has a "0" tolerance policy.
- B. Storing in a locker, desk, automobile or other repository on Company premises any illegal drug, controlled substance whose use is unauthorized, or any alcohol (commercially obtained alcohol stored in a vehicle will be reviewed with the purpose and circumstance in mind}.
- C. Switching or altering any urine sample submitted for drug or alcohol testing.
- D. Refusing to consent to testing when required in accordance with the section of this policy entitled "Testing".
- E. Refusing to submit to an inspection on Company premises in accordance with Item "B" of this section, when requested.

- F. Failure to report to management the use of a prescribed medication which may alter behavior, physical ability or mental functions of the employee. This paragraph does not require the employee to inform the Company of the specific medication that he or she is taking; however they must notify the company if they are taking medication that may alter behavior, physical ability or mental function. Even when an employee complies with this paragraph, the Company may still request that an employee consent to drug and/or alcohol testing, if there is reasonable suspicion of impaired performance.
- G. All employees shall be notified of the requirement to report to management the use of prescribed medications which may alter their behavior, physical ability, or mental functions in accordance with Section F., above, at least every two years.

EMPLOYEES COVERED BY THE POLICY

This Policy applies to all employees of the Company while on the job, and to situations where an employee's off-the-job or off-premises conduct impairs work performance or harms the business of the Company. Non-employees (contracted workers, vendor representatives, etc.) must comply with the basic provisions of the policy or risk discontinuance of their relationship with the Company.

DEFINITIONS

- A. For the purposes of this policy, an employee shall be considered on Company premises whenever he/she is:
 - 1. On Company property, including parking lots;
 - 2. At a job site;
 - 3. Driving or riding as a passenger in a Company vehicle or a private conveyance for which the Company has authorized travel reimbursement;
 - 4. On Company time, even if off Company premises; and/or
 - 5. Being treated for work-related injury while on the active payroll (not necessarily on "work time"), or being examined for "fitness for duty."
- B. "Drug" - any substance and/or medication prescribed or non-prescribed that can modify one (1) or more normal function (i.e. coordination, reflexes, vision, mental capacity, speech, judgment, etc.).
- C. "Alcohol" - an intoxicant from fermented or distilled substance.
- D. "Possesses" - physically holding the drug and/or alcohol or the drug and/or alcohol being in an area over which the employee has access and control (e.g. inside briefcases, purses, lunch bags, lunch boxes, lockers, personal vehicles, etc.).

TESTING

A. Random Testing as required by the Department of Transportation (DOT) for safety sensitive functions.

Unannounced random testing is required for a certain percent of drivers each year. These selections are done by an outside company obtained by Crystal Creamery in an effort to ensure compliance.

Random testing for alcohol must be completed just before, during or immediately after performing a safety-sensitive function. Random testing for drugs can be done anytime you are at work. Once you are notified that you have been selected for testing, you must proceed immediately to the test site as instructed.

B. Reasonable Cause/Reasonable Suspicion Testing

1. Testing may be conducted upon reasonable suspicion that an employee is currently under the influence, or impaired by, alcohol, a controlled substance, or other drug. Reasonable suspicion exists when there is clear indication of impairment based on objective evidence and/or based on specific personal observation by two trained Company management/ designated employees who can attest to the appearance, behavior, speech or breath odor of the employee. The two (2) trained designated employees will document their observations and reason for requesting testing. Those observations may include but are not limited to:
 - a. Unsafe work habits or practices that endanger the employee, fellow employees.
 - b. Abnormal work performance.
 - c. Physical conditions and/or symptoms, such as unsteady balance, alcohol on breath, glassy eyes, reddened eyes, unsteady gait, etc.
 - d. Abnormal personal behavior and/or poor interpersonal relations on the job.
 - e. Involvement in a workplace incident where the circumstances indicate the possibility that drugs and/or alcohol were a factor in the incident.

C. Post-Accident/Injury Drug Testing

"Post-Accident/Injury Drug Testing" is a separate Crystal Creamery policy, the overview of which is described below:

An employee shall provide a urine specimen and breathalyzer sample to be tested for the use of controlled substances and alcohol level as soon as possible after a reportable accident while on Company time or business or on any work site, but in any case, no later than thirty two (32) hours after the accident or report of an accident or injury. In the event that a test is not performed within eight (8) hours of a reportable accident, there shall be no requirement for a breathalyzer test.

For the purpose of this section, a "reportable accident/injury" means an accident resulting in:

1. The Death of a human being;
2. Injures him/herself;
3. An employee who causes another employee to be injured; or
4. Bodily injury to any person who, as a result of the injury, receives medical treatment away from the accident; and/or;
5. Equipment or property damage in excess of five hundred dollars (\$500.00)

In the event an employee requires treatment outside the workplace, he/she will be required to provide a urine specimen and take a Breathalyzer test (if necessary).

D. Fit For Duty Physical

A separate Crystal Creamery "Fitness for Duty" policy addresses how and when an examination will be required. In the process of this examination an employee will be tested for the presence of drugs or alcohol, in keeping with the other provisions of the Drug and Alcohol Policy.

E. Applicants for Employment

All applicants offered employment with Crystal Creamery will be asked to consent in writing to drug and alcohol testing and to the release of appropriate medical information. Applicants who refuse or who test positive for the presence of drugs or alcohol will not be considered for employment.

PROCEDURES FOR TESTING

Non NIDA testing will be completed on all reasonable suspicion, post-accident, pre-employment and fit for duty. Should the Non NIDA testing result in inconclusive, the drug screen will then be sent to a creditable lab for further confirmation. Employees, whose tests result is inconclusive, will be suspended pending confirmed results.

NIDA testing is done ONLY when the following DOT guidelines are met:

1. Pre-employment for a controlled substance only (A pre-employment alcohol test is not required)
2. A post-accident NIDA alcohol test is required following an accident when:
 - a. A life was lost
 - b. A driver was cited within 8 hours of the accident for moving violation and the accident involved injury requiring medical treatment away from the scene; or

- c. A driver was cited within 8 hours of the accident for a moving traffic violation and the accident resulted in the towing of one or more vehicles from the scene.

Post-accident drug testing should be done within thirty two (32) hours of the accident. If the test cannot be done within thirty two (32) hours, a statement must be prepared as to why the test could not be done timely.

Prior to testing, applicants and employees will be given the option to report any medications having been taken or being taken. Such information will be used for the purposes of discerning whether a positive test result is because of a lawful use of a medication.

The Company will rely upon its Medical Review Officer (M.R.O.) to assure that the collection site and laboratory adheres to strict chain of custody procedures and to ensure that the sample is of the proper temperature, not adulterated, subject to tampering or substitution. The M.R.O. will resolve all conflicts related to the testing procedure.

The testing procedures will be reviewed and revised in keeping with recognized standards used by federal, state and other sources of authority.

EMPLOYEE AND EMPLOYER RESPONSIBILITY

All employees who hold a safety sensitive position as defined under the DOT is required to read and acknowledge receipt of the J.J. Keller Driver Handbook labeled Drug & Alcohol testing, which includes awareness in the following topics:

- A. Who is covered by the drug and alcohol regulations
- B. What is a safety sensitive function
- C. What are the alcohol and drug prohibitions
- D. What test are required and when
- E. What happens if you refuse to take a test
- F. How a drug and alcohol test is performed
- G. What the consequences are for violating the drug and alcohol prohibitions
- H. Where you can go for help
- I. What are the effects of drugs and alcohol on the body

Employees who would like to receive help for themselves are encouraged to contact the Human Resources Department to identify suitable resources. Teamster Abuse Program (T.A.P.) and Teamsters Alcohol/Drug Rehabilitation Program (T.A.R.P) are examples of such sources.

The Company will provide training and orientation for Management and designated employees from time to time in order to emphasize awareness and procedures related to the Drug and Alcohol Policy.